



Risk Management Update

25th Transit Construction Roundtable

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Risk Management Update

Objective of the Risk process is to serve as a tool for FTA to use in the accomplishment of its Core accountabilities, i.e.

- Bringing projects to completion in budget and on schedule.

A parallel objective is do so using models and tools that are “intuitive” to engineering professionals and “accessible” to non-technical users.



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Objective is to continuously manage risk from early in the project through Revenue Operations.

Risk tools also add value to the process by giving FTA an ability to integrate a wide range of information and related uncertainties into a manageable set of data.

Modeling cost, schedule, safety, technical performance, etc.



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Objective is to integrate risk management into the PMO contractor's oversight planning and execution.

- Retooling the PMO contractor's products to explicitly use risk data in its day to day oversight efforts.



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Objective is to develop risk tools and models that are fully sufficient for deployment in a transit project environment.

- Validity of the Risk forecast assessment and data throughout project development.
- Allow FTA to address unique grantee requirements and avoid a one size fits all oversight approach.



Risk Management Update

Objective is to develop risk tools and models that are fully sufficient for deployment in a transit project environment. [Continued]

- PMO contractor risk deliverables are being retooled to address two main performance issues:
 - **Forecast accuracy**
 - **Effectiveness of risk mitigation measures**



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Technical challenges: Risk products in general have presented problems to FTA and the Federal government in a number of areas.

- Inadequate amount of preparation work for Model
- Minimizing inherent bias towards optimism
- Inadequate spreads between forecasted minimum and maximum costs (“range”)
- Inadequate or ineffective mitigation measures
- Lack of developed methodologies for assessing performance and accuracy prior to completion.



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Retooling PMO deliverables:

- Increase emphasis on preparation work going into workshops to provide adequate project context using new tools.
- Use double models to provide better assurance that ranges are adequate and means are more realistic
- Use longer term mitigation models with milestones and effectiveness measures.
- Structuring performance measurement for PMO forecasts.

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Questions...